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STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE PUBLIC UTILITIES COMMISSION

In the Matter of the Pleasant Valley Wind, LLC, Applications for a Certificate of Need and Large Wind Energy Conversion System Site Permit for the Pleasant Valley Wind Project in Dodge and Mower Counties, Minnesota	SUMMARY OF PUBLIC TESTIMONY
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A public hearing was held before Administrative Law Judge Manuel J. Cervantes (ALJ) on July 1, 2010, at 6:30 p.m. at the Austin High School Cafeteria, 301 Third Street Northwest, Austin, Minnesota 55912. The purpose of the hearing was to elicit public comment regarding the applications of Pleasant Valley Wind, LLC, (Pleasant Valley or Applicant) for a Certificate of Need and Site permit required to build a proposed large wind energy project. The public hearing continued until all interested persons had an opportunity to be heard.

Approximately eighty-five members of the public attended the public hearing. Twenty-six people signed speaker cards and twenty-five of them offered testimony during the hearing. In addition, three people who did not sign speaker cards also offered testimony. Following the hearing, the record remained open to allow all interested persons to submit written comments. Ten members of the public filed timely written comments.¹ The ALJ did not receive any untimely written comments. Most members of the public spoke in favor of the project. The record closed on July 19, 2010.

NOTICE

The Public Utility Commission (PUC) has the option of holding a hearing itself or may request that an Administrative Law Judge conduct the hearing and compile a record for consideration by the PUC in making its final decision. Under Minn. Stat. § 216B.2421, the Pleasant Valley Wind project qualifies as a large energy facility. Under Minn. Stat. § 216B.243, subd. 4, the PUC is required to conduct a public hearing

¹ The ALJ received eight written comments by July 16 and two which were postmarked July 16 and were received on July 19.

at a location and hour reasonably calculated to be convenient for the public. An objective of the public hearing shall be to obtain public opinion on the necessity of granting a Certificate of Need and on issues related to the proposed siting of the project.

This report contains a summary of the public testimony. It is not a final decision. Pursuant to Minn. R. 7849.5720, subp. 3, the PUC shall not make a final decision on a permit for a project that requires a Certificate of Need from the PUC until the applicant has obtained the necessary approval from the PUC.

BACKGROUND ON THE APPLICATION

Pleasant Valley proposes to construct, own, and operate a large energy facility with a capacity of up to 300 MW. Representatives of Pleasant Valley are in discussions with an undisclosed energy utility provider for the sale of the wind energy and/or wind energy project. The proposed project ranges from one hundred thirty up to two hundred wind turbine generators, the number dependent on the wind turbine generator selected by the Applicant. The Applicant is considering the use of either a 1.5 or 2.3 MW wind turbine generator or a combination of both to achieve a capacity of 300 MW. Each turbine model has a hub height of 80 meters (262 feet). The rotor diameter of the 1.5 MW generator is 82.5 meters (270 feet). The rotor diameter of the 2.3 MW generator is 101 meters (331 feet), resulting in a maximum overall height ranging from 121.25 meters (397 feet) to 130.5 meters (427.5 feet) when one blade is in the vertical position.

The Project would include access roads, six temporary and two permanent meteorological towers, electrical collection system, three substations, and three transmission lines. The Applicant expects to begin commercial operation in December 2012.

The project area consists of approximately 70,000 acres located in southern Dodge and northern Mower counties in Hayfield and Vernon townships of Dodge County and Waltham, Sargeant, Pleasant Valley, Red Rock, and Dexter townships of Mower County. Approximately 52,000 acres within the project area are under the Applicant's control via wind easements. The project area is located six miles northeast of the city of Austin and approximately 15 miles west of Rochester.

Issues raised by the public at the hearing relative to the proposed project included foreign ownership of projects such as Pleasant Valley, the higher relative cost of electricity produced from wind projects vis a vis electricity produced from fossil fuels, the failure to promote Community-Based Energy Development (C-BED) projects, the creation of obstructions by the turbines to navigable airspace, the setbacks of turbines from non-participating landowners, the negative effects of tower lighting on bird mortality, shadow flicker and noise, declining land values, and health concerns relative to humans and livestock.

The Commission will make the final decision whether to issue the Certificate of Need and Site Permit following a review of this Summary of Public Testimony as well as

all of the hearing transcripts, written comments submitted by the public, filings and arguments submitted by Applicant, other persons, and entities interested in this matter.

SUMMARY OF PUBLIC TESTIMONY

Approximately eighty-five members of the public were in attendance at the hearing and twenty-six signed speaker cards.² Twenty-four of those who signed speaker cards offered testimony during the hearing. In addition, two others who did not sign speaker cards also offered testimony. Ten members of the public filed timely written comments.

ALJ began the hearing by explaining that the purpose of the public hearing was to solicit public comments regarding the Certificate of Need,³ the environmental report,⁴ and the draft site permit (which the PUC granted on April 23, 21010). Ingrid Bjorklund, Project Manager, Energy Facility Permitting Division of OES at the Minnesota Department of Commerce, briefly explained the process which was undertaken as a result of Pleasant Valley's application for a Certificate of Need and site permit. The ALJ explained that the PUC's role is to determine whether a project is needed and whether it serves the best interest of the community. Paul Johnson, Senior Manager, RES Americas, Applicant's parent company, described RES Americas (Company) and its experience in wind projects in the United States, Canada, Mexico and the Caribbean. Mr. Johnson also specifically described the scope of the Pleasant Valley project. The presenters were available to answer questions during the hearing and after the ALJ concluded the recorded comments of the public hearing.

1) *Remarks by Ms. Leslie Tapp:* Ms. Tapp spoke in favor of the project. She suggested that the PUC give their serious consideration to the decision to grant the Certificate of Need and believes we need the wind project.

2) *Remarks by Mr. Leonard Darnell:* Mr. Darnell spoke in favor of the project, specifically in terms of the project providing needed employment and additional tax revenues.

3) *Remarks by Mr. Keith Gillette:* Mr. Gillette spoke in favor of the project because wind is a clean energy, provides badly-needed local jobs, and provides badly-needed resources to the local tax base.

4) *Remarks by Mr. Larry Sparks:* Mr. Sparks identified himself as the chairman of Sargeant Township and urged the PUC to grant the permits to the Applicant.

5) *Remarks by Mr. James Gronseth:* Mr. Gronseth spoke in favor of the wind project, specifically in terms of clean energy. He does not see the negative effects in

² Exhibit 11.

³ The Certificate of Need was filed by the Applicant on October 26, 2009.

⁴ The environmental report was prepared and made available to the public on June 9, 2010 by the Office of Energy Security (OES).

wind energy as compared to the current situation in the Gulf of Mexico nor would he want anything like that to happen here in Minnesota.

6) *Remarks by Mr. Greg Reid:* Mr. Reid spoke on behalf of his father Charles Reid. He spoke in favor of the project in terms of additional jobs, taxes, and income for his father. Mr. Reid noted that, unlike the situation in the Gulf, windmills can be turned off.

7) *Remarks by Mr. Vance Larson:* Mr. Larson identified himself as a life-long resident of the area. He did not wish to repeat what others had already said, but indicated he was in favor of the project.

8) *Remarks by Mr. Duwayne Skov:* Mr. Skov: identified himself as a Dexter township landowner and Township Supervisor. He spoke in favor of the project given the Dexter Township's windmill experience; it currently has 26 windmills. He indicated that the Township receives about \$24,000 in [annual] tax revenues which has kept the Township from having to raise its levy. He described the interaction between the public and the Applicants, both past and present, as cooperative and the Applicants have been willing to meet with the Township representatives. Mr. Skov noted that windmills do not pollute or exhaust natural resources and the new set backs have minimized flicker and noise problems.

9) *Remarks by Mr. James Hartson:* Mr. Hartson indicated that he thinks wind energy is great but raised a concern about foreign ownership of the local wind energy projects. He questioned whether foreign ownership of these projects will lead to [national] energy independence. Bret Eknes, PUC staff and Paul Johnson, Applicant Representative, responded to Mr. Hartson's question as to ownership of the Pleasant Valley Project. Mr. Eknes noted that business is business and that foreign investment goes both ways. Foreign countries invest in the United States and the United States invests in foreign countries. He believes this exchange will continue. Mr. Eknes was aware of Spanish and French investment in Minnesota wind projects in the past but did not have a breakdown as to what is the percentage of foreign investment in Minnesota wind projects.

Also responding to the comment, Mr. Johnson indicated that until recently, RES Americas simply constructed projects and sold them to third parties. Recently, the Company has become more flexible and has retained ownership of 200 MW of the 4400 MW of rated windmill turbines either under construction or in operation by the Company. These are American-owned assets through the Company's U.S. subsidiary. Mr. Johnson also noted that even when the projects are sold, local benefits continue, for example, turbine payments are paid to landowners, the energy production taxes are paid to the counties and townships, and the maintenance and operation jobs remain local. Mr. Johnson acknowledged that the parent Company is based in the United Kingdom (U.K.). Mr. Hartson asked about the Company ownership at the environmental report scoping meeting in February 2010, but was dissatisfied when the question was not answered. Mr. Hartson took exception to the fact that the parent Company is based in the U.K. and said, "The only difference is our energy dollar,

instead of going to Saudi Arabia, is now going to go to Great Britain. We're going to be dependent on foreign energy, just like we were before this project." Mr. Hartson is of the belief that the Applicant wrote its Request for Proposal (RFP) to exclude CDEF [C-BED?] projects and that the Applicant's RFP is in violation of antitrust laws.

10) *Remarks by Mr. Ed Horne:* Like Mr. Hartson, Mr. Horne expressed displeasure because no one answered the Company ownership question at the February public meeting. Mr. Horne found fault with the process because the ownership question did not make it into the meeting minutes [summary report], and therefore, believes the process is suspect. He also complained that he has submitted questions to the OES via e-mail and by phone, and some of his questions have gone unanswered.

11) *Remarks by Mr. John Kiser:* Mr. Kaiser spoke in favor of the project. He indicated that he preferred having a wind generator next door rather than a nuclear [power] plant.

12) *Remarks by Mr. Sanford Greeley:* Mr. Kaiser spoke in favor of the project. He indicated that he did not care who owned the project as long as the checks [payments to the landowners and local governments] were good. He is of the belief that the majority of the people feel the same way.

13) *Remarks by Mr. William Schiesher:* Mr. Schiesher spoke in favor of the project. He indicated that the wind is abundant and free and that it might as well be used [in a productive manner].

14) *Remarks by Mr. Kathy Blanchard:* Ms. Blanchard identified herself as a small landowner in Sargeant Township and is not participating in the project. She raised a concern about whether there would be a drop in the value of her property because of the project. She indicated that she favors wind energy but is also concerned about the number of turbines surrounding her property and said, "The night sky right now, looking to the east, looks like a runway out of my porch."

15) *Remarks by Mr. Randy Swanson:* Mr. Swanson is in favor of wind energy but raised concerns regarding the terms of the landowner agreement with the Applicant, specifically, the low level of compensation per acre and the Applicant's right of first refusal [as to the sale of the real estate]. Mr. Swanson is of the belief that the Applicant has more rights than the landowner does. He expressed dissatisfaction because he believes the Applicant has been delinquent in their payments to him.

16) *Remarks by Mr. Doug Sheely:* Mr. Sheely spoke in favor of the project. He said he farms around one tower now without any problems and the project provides revenue to his landlord who is happy with the arrangement.

17) *Remarks by Mr. Danny Linbo:* Mr. Linbo spoke on behalf of his mother. He is in favor of the project. It's brought "some oomph" to the little city of Sargeant.

18) *Remarks by Mr. Francis Severson:* Mr. Severson spoke in favor of the project. He responded to concerns expressed by others about the noise generated by the turbines. He indicated that he had spoken to several neighbors near Dexter who have turbines on their property and they indicated that the noise does not bother them.

19) *Remarks by Mr. Odean Haarstead:* Mr. Haarstead identified himself as the Dexter Township Clerk and spoke in favor of the project. However, he was also there to speak on behalf of his neighbor and landowner, Diane Haseth. Mr. Haarstead indicated that Ms. Haseth opposed the transmission route chosen by the Applicant that cuts through her property instead of following along the boundary as originally proposed by the Applicant. He indicated that further discussion with the Applicant was necessary about the proposed routing, as shown on the maps at the hearing, or Ms. Haseth is “apt to pull out of it if this [route] is going to happen.”

20) *Remarks by Mr. Terry Wangen:* Mr. Wangen spoke in favor of the project. He indicated that he had been reading the book, *Hot, Flat, and Crowded* by Thomas Friedman. He cites a concept from the book that efficiencies in green energy can not improve unless we go ahead with them. For example, in the ethanol industry, producers today have become much more efficient and get more ethanol energy out of each bushel of corn as compared to when the industry started. He has also read that wind energy can produce other products such as anhydrous ammonia and hydrogen in addition to electricity. Contrary to other comments, he said it was told to him right from the beginning that the Applicant was a British-owned company and that “[n]obody was hiding it from me.”

21) *Remarks by Ms. Carol Lantow and dialogue with Mr. Raymond Tucker, Mower County Commissioner:* Ms. Lantow asked a series of questions starting with what percentage of the project lies within the boundaries of Mower County. Mr. Johnson, Applicant Representative, replied that 99% of the project lies within Mower County and the Applicant is working towards consolidating 100% of the project into Mower County. Next, she asked about the tax revenues referenced in comments by Dexter Township Supervisor Skov. Mr. Skov replied that the \$24,000 annual revenue is 20% of the total tax revenues generated by the current Dexter windmills. Ms. Lantow then inquired about Mower County windmill revenues. Mr. Tucker replied that the total windmill revenues in 2009 were \$1.35 million. The county received 80% and Dexter Township received 20% of those revenues. Mr. Tucker noted that revenues will increase when the newly proposed windmills come into operation.

Next, Ms. Lantow inquired about windmill energy production oversight. Mr. Tucker explained that the State of Minnesota is responsible and has systems for monitoring production, who it is sold to, and what energy goes on the grid. Mr. Johnson supplemented this remark by saying that electric utilities and developers have meters on their electrical production output pursuant to contract and are monitored closely.

Next, Ms. Lantow asked about the number of local jobs that have been created by the existing wind farms [in the area]. Mr. Tucker replied that the wind farms created 60 jobs. She then asked whether these jobs lasted longer than a year. Mr. Joe Grennan, Applicant Representative and Director of Permitting, said that the Applicant's project expects to create 10-15 permanent [local] jobs.

Next, Ms. Lantow asked where is the windmill-generated energy being used and can one tell whether the windmill energy that is generated here will be used locally. Mr. Grennan asked Ms. Lantow to consider the following metaphor: look at the electric grid as a pool of water with hoses bringing water [electricity] to the pool and individuals taking the water [electricity] out with straws when one turns on a light switch or other electrical device. He said it would be difficult to track the precise electron that was put into the pool from a windmill but the goal is to use more renewal energy and this project contributes to that goal. Ms. Lantow concluded by saying that she contacted her coop utility company and was told that it costs 4 cents per kilowatt hour [from current energy sources] as compared to 6 cents per wind power kilowatt hour. In her view, that is a 50% increase in costs for wind-generated electricity, a point that is not generally known by the public. She does not believe that wind energy will decrease utility bills.

22) *Remarks by Mr. Richard Higgins:* Mr. Higgins is a land owner in the Quad Cities area [of eastern Iowa and western Illinois]. He spoke in favor of the project. He said that he watched closely the development of the Des Moines, IA windmill project. He said at first it was difficult to determine who the builder was but once it was built, it was learned that Warren Buffet was the investor. The farmers in the area have been very satisfied.

23) *Remarks by Mr. Allen Sargent:* Mr. Sargent spoke in favor of wind farms but raised a question about who is buying the Applicant's wind energy [as clarified by Ed Horne]. Mr. Johnson replied that the Applicant is in discussions with several parties regarding the sale of energy output but cannot reveal them because of confidentiality agreements. Mr. Eknes indicated that there is no specific requirement that a power purchase agreement be in place in order to grant a certificate of need. Only a demonstration that a need for additional energy exists in the region or state is necessary. Mr. Eknes further stated that studies exist which indicate a regional demand for renewable energy in the thousands of megawatts. He further clarified that for purposes of obtaining a site permit, an applicant must have an "enforceable mechanism" in place before construction begins, but site permits may be let before construction.

24) *Remarks by Mr. Guy Kohlhofer:* Mr. Kohlhofer identified himself as the Dodge County highway engineer and did not express a position in favor of or against the project. He invited the Applicant to work closely with his office before moving heavy machinery and construction equipment across county and township roads in order to mitigate the adverse effects this may have on the roads and costs.

25) *Remarks by Mr. Glenn Hahn:* Mr. Hahn spoke in favor of the project. But he commented that these types of projects come with costs to the local community. For example, farmers will be able to grow “canning crops” but will have to move them around to permit aircraft to have access to them for purposes of pesticide and insecticide applications. Also, the pattern of congested towers may have a negative impact on the emergency Mayo One aircraft medical transport system that the local community takes advantage of. Finally, Mr. Hahn noted that his experience in working through road mitigation efforts with other projects has been positive.

26) *Remarks by Mr. Darrin Westphal:* Mr. Westphal identified himself as a field agent of the North Central States Regional Council. He stated that he works closely with companies who develop and construct the [windmill] units. It is his job to put local people to work. He presents 21,000 members in four states. He indicated that local people have a hand in the construction of the towers. After the construction of a project is complete, it is his goal to obtain maintenance contracts with the projects to create ongoing local jobs.

SUMMARY OF WRITTEN COMMENTS

There were ten written comments postmarked by July 16, 2010 and received prior to the close of the post-hearing comment period.

1) *Written comments of Mr. Trevor Scrabeck:* Mr. Scrabeck identified himself as an owner of a private airport two miles from the project boundary and believes that the project will create obstructions to navigable space. It is his request that the project comply with Minn. R. 8800.1200 relative to set backs in order to mitigate obstructions.⁵

2) *Written comments of Mr. John W. Erichson:* Mr. Erichson identified himself as a city engineer and spoke on behalf of his employer, the City of Austin. He requested that the Applicant consider any impacts that the project might have on the Austin Municipal Airport. Mr. Johnson addressed this issue in his opening remarks and indicated that Applicant and the City of Austin were in discussions about mitigation measures, specifically, from the east to west approach to the airport. Mr. Erichson also attached a copy of an article about the hearing by Jason Schoonover, *Residents split on wind farm project*, from the *Austin Daily Herald* (July 2, 2010) (<<http://www.austindailyherald.com/news/2010/jul/02/residents-split-wind-farm-project/>>).⁶

3) *Written comments of Mr. Peter M. Mattson:* Mr. Mattson identified himself as President of the Austin Audubon Society and wrote on its behalf. He requested that the PUC prevent the harmful effects of hundreds of aircraft warning lights that this project will bring to Mower County. The issue with the lighting is two-fold: first, the effects of tower lights on bird mortality is well-documented and second, the adverse effect on the night sky harms those who otherwise have little to do with the project. The Society

⁵ Ex. 1.

⁶ Ex. 2.

recommends that a stipulation be entered with the Applicant that requires mitigation of the FAA-required lighting, by seeking an exemption from the required lighting or that the Applicant use an obstacle collision avoidance system that engages the warning lights only when an aircraft is approaching at a dangerous altitude. Mr. Mattson notes that such systems are in use and have been FAA approved.⁷

4) *Written comments of Mr. Richard A. Sargent:* Mr. Sargent raised multiple issues in his letter. For example, he has concerns about the loss of productive farm land to install these projects and the additional transmission lines, the noise and shadow flicker the turbines generate, and questions whether wind energy is appropriate given the advances in the processing of lignite coal. He also commented on the fact that when the turbines are decommissioned in 30 years, current standards only require removal of the concrete footing to six feet below grade. He notes that the Minnesota Pollution Control Agency considers cement a hazardous waste and questions whether the landowner will be left with an expensive problem if the remaining cement must be removed.⁸

5) *Written comments of Mr. Neil L. Knutson:* Mr. Knutson does not favor the Applicant's proposed transmission lines running along his property and provided three alternative routes, one of which was one mile shorter in distance. He also drew his proposals on a plat map which was attached. He believes that the transmission lines pose a risk to the health and safety of persons and livestock and will cause interference with his plans to produce organic crops.

Mr. Knutson also included a map where proposed turbines will be placed. He indicates there are four turbines to the south of his property. According to his calculation, the closest turbine is 959 feet from his southern boundary. He indicates that he does not want to live that close to the turbines for health and safety reasons, the proximity may have a negative effect on land values, and because the turbines will interfere with his plans for his property. He specifically requested that setbacks be 1.25 miles from a home.⁹

6) *Written comments of Ms. Therese Manggaard:* Ms. Therese Manggaard is not in favor of the project because she believes that the installation of windmills in the Sargeant area is a terrible waste of high quality farm land; the project may have a negative impact on land values; that windmills are an "eyesore" that ruin the rural landscape; and she fears that the windmills will be obsolete in 20 years, the owners will be gone, and there will be no resources to remove them and rebuild the soil which will have been destroyed.

Ms. Manggaard recommends that windmills be installed on poor quality/marginal land; that they are built closer to areas that consume the most energy; that research

⁷ Ex. 3.

⁸ Ex. 4.

⁹ Ex. 5.

continues for alternative energy sources; and that smaller windmills be built that are less costly to build and operate and do less harm to the land.¹⁰

7) *Written comments of Ms. Diane Stenzel:* Ms. Stenzel is not in favor of the project. Ms. Stenzel expressed many concerns in her four page email letter. One of her major concerns was the issue of the PUC's failure to notify property owners who are outside the project but whose property abuts the project. They were given no direct notice of the public hearings, notwithstanding that they will be directly affected. On the other hand, she indicated that the project-participating property owners were given direct mail notices but most of them already knew of the public hearings because they were already participating. As a result, many of the non-participating landowners did not know about the public hearing and did not go. She believes published notice is not sufficient.

Contrary to a representation at the hearing, Ms. Stenzel does not believe [the community of] Dexter is not doing all that well. She disputes there were 60 permanent jobs remaining from the Dexter wind energy project. She asserts there were only 20 jobs and that only 8 of those remain. She also noted that the secretary position is now half time. She indicated that she has not seen any tax relief; her taxes have gone up and believes land values have been negatively affected. Ms. Stenzel does not believe that the developer/owners of the Dexter project have lived up to the contracts they signed and she gave examples of insufficiencies in the areas of project payments to landowners, road repairs, field damage remediation, the personal effects of windmill noise, and the lack of response by the project owner to landowner complaints.¹¹

8) *Written comments of Mr. Mike Gebhardt:* Mr. Gebhardt is in favor of the project. He cites the recent past rolling brown outs on the east and west coasts as well as the current research into electric vehicles and superconductor use of electricity as demonstrating the growing need for electrical power. He believes wind energy complements nuclear, coal, and natural gas yet produces no pollution such as greenhouse gases or nuclear waste. Wind energy production reduces our [country's] dependence on foreign oil. Additional benefits include tax revenues for local units of government, creation of local jobs, and minimal disturbance to croplands. He recommends that the PUC grant the Certificate of Need.¹²

9) *Written comments of Mr. Jim Stiles:* Mr. Stiles identified himself as President of the Austin Chapter of the Izaak Walton League and wrote on its behalf. Mr. Stiles reiterated the same points as made by Mr. Mattson, President of the Austin Audubon Society.¹³

10) *Written comments of Ms. Andrea Anderson:* Ms. Anderson favors renewable energy so long as it is safe for all, including migratory birds. She recommends the use

¹⁰ Ex. 6.

¹¹ Ex. 7.

¹² Ex. 8.

¹³ Ex. 9, see Ex. 3 above.

of an obstacle collision avoidance system to reduce bird mortality and to lessen the annoying “light pollution” of the evening skies created by the lighted towers. Second, as a member of the Izaak Walton League, whose goal is to enhance water quality and bird habitat, she is concerned that the blinking lights detract from these goals. She believes that given the recent oil spill in the Gulf of Mexico, any help that can be given to migratory birds is appreciated.¹⁴

Dated: August 3, 2010

s/Manuel J. Cervantes

MANUEL J. CERVANTES
Administrative Law Judge

¹⁴ Ex. 10.